

There are no shortages of challenging opportunities. In these extraordinary times, the challenges seem only to be increasing in number and complexity. All generations confront their own serious threats and receive their

*The Leadership Challenge* is written both to strengthen your abilities and to uplift your spirits. We intend it to be practical and inspirational. We also make you a promise: everything in this book is *evidence-based*. Everything we write about, everything we advise is solidly based in research—our own and others'. If you engage in the practices we describe in this book, you *will*

# 1

P A R T

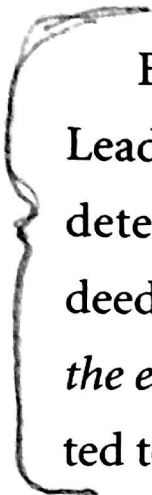
## WHAT LEADERS DO AND WHAT CONSTITUENTS EXPECT

- THE FIVE PRACTICES OF EXEMPLARY LEADERSHIP
- CREDIBILITY IS THE FOUNDATION OF LEADERSHIP

## *Model the Way*

Titles are granted, but it's your behavior that wins you respect. As Tom Brack, with Europe's SmartTeam AG, told us, "Leading means you have to be a good example, and live what you say." This sentiment was shared across all the cases that we collected. Exemplary leaders know that if they want to gain commitment and achieve the highest standards, they must be models of the behavior they expect of others. *Leaders model the way.*

To effectively model the behavior they expect of others, leaders must first be clear about guiding principles. They must *clarify values*. As Lindsay Levin, chairman for Whites Group in England, explained, "You have to open up your heart and let people know what you really think and believe. This means talking about your values." Leaders must find their own voice, and then they must clearly and distinctively give voice to their values. As the personal-best stories illustrate, leaders are supposed to stand up for their beliefs, so they'd better have some beliefs to stand up for. But it's not just the leader's values that are important. Leaders aren't just representing themselves. They speak and act on behalf of a larger organization. Leaders must forge agreement around common principles and common ideals.



Eloquent speeches about common values, however, aren't nearly enough. Leaders' deeds are far more important than their words when one wants to determine how serious leaders really are about what they say. Words and deeds must be consistent. Exemplary leaders go first. They go first by *setting the example* through daily actions that demonstrate they are deeply committed to their beliefs. As Prabha Seshan, principal engineer for SSA Global, told

Leaders know well that innovation and change involve *experimenting and taking risks*. Despite the inevitability of mistakes and failures leaders proceed anyway. One way of dealing with the potential risks and failures of experimentation is to approach change through incremental steps and small wins. Little victories, when piled on top of each other, build confidence that even the biggest challenges can be met. In so doing, they strengthen commitment

ownership. Leaders understand that the command-and-control techniques of traditional management no longer apply. Instead, leaders work to make people feel strong, capable, and committed. Leaders enable others to act not by hoarding the power they have but by giving it away. Exemplary leaders *strengthen every-*

# 2

## CREDIBILITY IS THE FOUNDATION OF LEADERSHIP

*"Leadership is in the eyes of other people;  
it is they who proclaim you as a leader."*

*Carrie Gilstrap, Hewlett-Packard*

Model the way, inspire a shared vision, challenge the process, enable others to act, and encourage the heart: these are the leadership practices that emerge from thousands of personal-best cases. But they paint only a partial picture. Leaders don't get extraordinary things done all by themselves! The portrayal



low someone willingly, the majority of constituents believe the leader must be

- Honest
- Forward-looking
- Inspiring
- Competent

Above all else, we as constituents must be able to believe in our leaders.

al  
der { We must believe that their word can be trusted, that they're personally passionate and enthusiastic about the work that they're doing, and that they have the knowledge and skill to lead.

# 3



## CLARIFY VALUES

*"Having faith in my principles and beliefs gave me the courage to navigate difficult situations and make tough decisions."*

*Tim Avila, CMP Media Electronics Group*

Name an historical leader whom you greatly admire—a well-known leader from the distant or recent past whom you could imagine following willingly. Who is that leader?

In our research we've asked thousands of people to do this. Although no single leader receives a majority of the nominations, in the United States the two most frequently mentioned are Abraham Lincoln and Martin Luther King

## *Shared Values Are an Organization's Promises*

Important as it is that leaders forthrightly articulate the principles for which they stand, what leaders say must be consistent with the aspirations of their constituents. Leaders who advocate or stand for values that aren't representative of the collective won't be able to mobilize people to act as one. Leaders set an example for all constituents based on a shared understanding of what's expected. Leaders must be able to gain consensus on a common cause and a common set of principles. They must be able to build and affirm a community of shared values.

Leaders can easily influence outcome by providing the tools for measuring progress. For example, if the organization's performance-appraisal system fails to measure how well people perform against the standards of excellence set by corporate values, leaders can add clear performance measures that evaluate how well people are doing on quality, customer service, innovation, respect for others, contribution to profitability, fun, or whatever else is of critical value to the organization.

Rewards and recognition are other tangible means of reinforcing values (and we'll discuss recognition more thoroughly in Chapter Eleven). The im-



# ENVISION THE FUTURE

*"You begin with the end in mind, by knowing what you dream about accomplishing, and then figure out how to make it happen."*

*Jim Pitts, Northrop Grumman Corporation*

"Be an enzyme" is a refrain that Pam Omidyar, founder of HopeLab, often repeats. The idea of "be an enzyme" evolved out of her love of science—her graduate training is in plant molecular genetics—and it conveys her strong belief in the power of people to make a difference. "I love the concept of catalysts, in science and life," she says. "Enzymes are the catalysts that make possible biochemical reactions. Enzymes increase the rate of a reaction, but are not themselves consumed by the reaction. . . . In short, enzymes are nature's activists."

Leaders know very well that the seeds of any vision arise not from crystal-ball gazing in upper levels of the organization's stratosphere but from images passed on from people on the front line about what the clients or customers really want or from manufacturing's mumblings about poor product quality. The best leaders, like Jim, are great listeners. They listen carefully to what other people have to say, and how they feel. They have to ask good (and often tough) questions, be open to ideas other than their own, and even lose arguments in favor of the common good.<sup>12</sup>

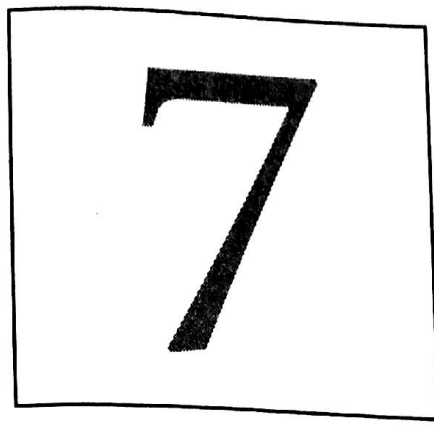
## *Make It a Cause for Commitment*

People commit to causes, not to plans. How else do you explain why people volunteer to rebuild communities ravaged by a tsunami, ride a bike from San Francisco to Los Angeles to raise money to fight AIDS, or rescue people from the rubble of a collapsed building after an earthquake? How else do you ex-



man status. It has become an overworked cliché for a strong, attractive, and inspiring personality.”<sup>10</sup>

Social scientists have attempted to investigate this elusive quality in terms of observable behavior.<sup>11</sup> What they’ve found is that people who are perceived to be charismatic are simply more animated than others. They smile more, speak faster, pronounce words more clearly, and move their heads and bodies more often. What we call charisma, then, can better be understood as energy and expressiveness. The old saying that “Enthusiasm is infectious” is certainly true for leaders.



# SEARCH FOR OPPORTUNITIES

*"I realized that my job as a leader was to make  
change each and every day."*

*Robin Selden, Logitech*

"I believe that transformation can happen in a heartbeat," Jacqueline Maartense told us. "And I believe that you can build a great company if the customer is the center of all you do." Jacqueline had the chance to boldly and quickly demonstrate her commitment to these ideals when she was appointed managing director of the United Kingdom division of Intuit, the personal and small-business financial software company. The U.K. division had never been

# SEIZE THE INITIATIVE

When people think about their personal bests they automatically think about some kind of challenge. Why? The fact is that when times are stable and secure, people are not severely tested. They may perform well, get promoted, even achieve fame and fortune. But certainly and routine breed complacency. In contrast, personal and business hardships have a way of making people come face to face with who they really are and what they're capable of becoming.

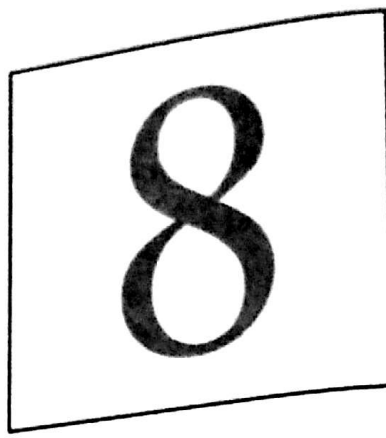
Thus the study of leadership is the study of how men and women guide others through adversity, uncertainty, hardship, disruption, transformation, transition, recovery, new beginnings, and other significant challenges. It's the study of people who triumph against overwhelming odds, who take initiative when there is inertia, who confront the established order, who mobilize people and institutions in the face of strong resistance. It's also the study of how men and women, in times of constancy and complacency, actively seek to disturb the status quo and awaken others to new possibilities. Leadership, challenge, and seizing the initiative are inextricably linked. Humdrum situations simply aren't associated with award-winning performance.

Evident in the tone of almost all the personal-best stories is that leaders are people who seize the initiative with enthusiasm, determination, and a desire to make something happen. They embrace the challenge presented by the shifts in their industries or the new demands of the marketplace and commit themselves to creating exciting new possibilities that make a meaningful difference.

## *Change Requires Leadership*

What's significant about the emphasis on change in our leadership cases is that we don't ask people to tell us about *change*, we ask them to tell us about their personal-best leadership experiences. They can discuss any leadership experience they choose—past or present, unofficial or official; in any functional area; in any community, voluntary, religious, health care, educational, public-sector, or private-sector organization. In electing to talk about times of change, our respondents underscore the fact that leadership demands altering the business-as-usual environment.

ting it at a level at which people feel they can succeed. Raise it too high, and people will fail; if they fail too often, they'll quit trying. Raise the bar a bit at a time, and eventually more and more people master the situation and build the self-confidence to continue moving the bar upward. Leaders balance this human need to grow and



# EXPERIMENT AND TAKE RISKS

*"Leaders are not afraid to take risks and step outside their comfort zones."*

*Chris Hintz, Cisco Systems*

When Patricia Maryland came on board as president of Sinai-Grace Hospital in Detroit, Michigan, she found a hospital in distress. Sinai-Grace was the one hospital remaining after a series of mergers, and all the "burning and slashing" had left the staff feeling angry and distrustful. In addition, the hospital was still losing money. It was a hospital looking not only for new leadership but also a new identity.<sup>1</sup>

One of the first things Patricia noticed was that employees mostly related to the way things had been done in the past. No one was speaking about the

learning.

## *Leaders Are Active Learners*

Curious about the relationship between leadership and learning, we conducted a series of empirical studies to find out if managers could be differentiated by the range and depth of learning tactics they employ when facing a new or unfamiliar experience.

First we looked at how engaged these managers were in four different approaches to learning: “taking action” (preferring to learn by trial and error), “thinking” (reading articles or books or going online to gain knowledge and background), “feeling” (confronting themselves on what they are worrying about), and “accessing others” (bouncing hopes and fears off someone they trust). We then correlated these with leadership practices. We found that managers who were more rather than less engaged in each of these learning tactics were also more engaged in *The Five Practices of Exemplary Leadership*.<sup>15</sup> Others have shown that people more engaged in these various learning tactics were more likely to have started something from scratch, played a significant role in an acquisition, turned around an organizational unit, negotiated a major contract, and the like.<sup>16</sup> In other words, the more you’re engaged in learning the more successful you are at leading—and at just about anything. One reason that leaders take learning seriously is that they’re humble about their own abilities.<sup>17</sup>



## FOSTER COLLABORATION

*"To be successful, teams must adopt a www.com (we will win) mind-set,  
and not an imm.com (I, me, myself) mind-set."*

*Lily Cheng, PACE Learning & Consultancy, Singapore*

The first order of business for Jill Cleveland when she became finance manager at Apple, Inc., was, "to learn how to trust my employees. After being responsible only for myself for so long, it was very difficult to have to relinquish control. But I understood that in order for my employees, and thus myself, to be successful I needed to learn to develop a cohesive and collaborative team, beginning with trust as the framework." This is a key realization for all leaders.



## *Support Face-to-Face Interactions*

Group goals, reciprocity, and promoting joint effort are all essential for collaboration to occur, but what is also critical is positive face-to-face interaction.<sup>20</sup> And this need for face-to-face communication increases with the complexity of the issues.<sup>21</sup> Roberta Linsky, vice president of worldwide human

# 10



## STRENGTHEN OTHERS

*"Great leaders grow their constituents into leaders themselves."*

*Edmar Soriano, Tutoring Club of Fremont/Newark*

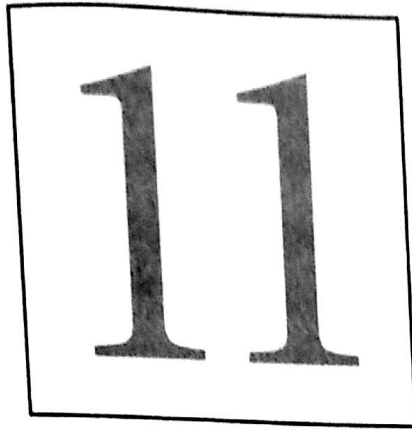
When Sanjay Bali was assigned as officer-in-charge on an Indian navy tanker, his department was not up to standards—neither his nor those of the fleet. "It was clear to me," he explains, "that while the staff members were talented, they lacked the leadership that was necessary to bring them together as a team. My challenge was to instill confidence in them and help them recognize their abilities."

Although the Indian navy, like armed services around the globe, is largely hierarchically structured, within his unit Sanjay created an organization that was greatly influenced by individual personalities and aspirations, areas of

Schedule a... your direct  
reports. Have a two-way conversation on six key questions:

1. Where are *we* going?
  - I'll tell you where I think we're going.
  - You tell me where you think we're going.
2. Where are *you* going?
  - I'll tell you where I see you and your group going.
  - You tell me where you see you and your group going.
3. What are *you* doing well?
  - I'll give you my sense of what you're doing well.
  - You give me your sense of what you're doing well.
4. What suggestions for improvement do you have for *yourself*?
  - I'll tell you the suggestions I have.
  - You tell me what suggestions you have.
5. How can I help *you*?
  - I'll add anything else I think I can do.
  - You tell me what I can do to help and support you.
6. What suggestions do you have for *me*?
  - I'll tell you what I think I need to do.
  - You tell me what you think I need to do.

In this dialogue, both parties learn how they can be doing better than they are. Notice how the leader and the constituent are exchanging information about one another. You might want to adapt these questions to your



# RECOGNIZE CONTRIBUTIONS

*"Recognition is important, challenging, and easily forgotten—  
so pay attention and don't forget to say 'thanks.'"*

*Mary Le, Intel Corporation*

Amanda Turner of Intuit is a leader who understands the importance of believing in people and showing appreciation. She realizes that by expecting the best from people, they in turn expect the best from themselves. On one occasion she even gave her direct report Melissa Pierce a stuffed horse. That's because when Melissa started at the company the team affectionately teased her about being a "galloping horse, jumping at every challenge and opportunity to contribute and support the group." Melissa explains,

# HUMILITY IS THE ANTIDOTE TO HUBRIS

There's a catch, however. You can do all of these leadership practices perfectly and still get fired! There's absolutely no way that we can say that leadership will always work, all of the time, or with everyone. We know for certain that there's a much greater probability that it will, but there's no ironclad, money-back guarantee. In addition, you will never find, in historic or present times, even one example of a leader who controlled every aspect of the environment. And you'll never find an example of a leader who enlisted 100 percent of the possible constituency in even the most compelling of future possibilities.

And there's still another catch. Any leadership practice can become destructive. Virtues can become vices. There's a point at which each of The Five Practices, taken to extremes, can lead you astray.

Far more insidious than any of these potential problems, however, is the treachery of hubris. It's fun to be a leader, gratifying to have influence, and exhilarating to have scores of people cheering your every word. In many all-too-subtle ways, it's easy to be seduced by power and importance. All evil leaders have been infected with the disease of hubris, becoming bloated with an exaggerated sense of self and pursuing their own sinister ends. How then to avoid it?

Humility is the only way to resolve the conflicts and contradictions of leadership. You can avoid excessive pride only if you recognize that you're human and need the help of others. As Egon Zehnder, chairman emeritus of Egon Zehnder International, told us, "Listen to what your colleagues have to say. They know more than you do. Have the humility to step back and correct yourself." Humility. It comes up time and again.<sup>4</sup> Exemplary leaders know that "you can't do it alone," and they act accordingly. They lack the pride and pretense displayed by many leaders who succeed in the short term but leave behind a weak organization that fails to remain viable after their departure. Instead, with self-effacing humor and generous and sincere credit to others, humble leaders get higher and higher levels of performance.